

Nhat Bui

MARKET RESEARCH FOR CO-WORKING SPACE BUSINESS
IN HO CHI MINH CITY, VIETNAM

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Bui, Nhat

Satakunnan ammattikorkeakoulu, Satakunta University of Applied Sciences

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The purpose of this thesis is to conduct a market research for the Co-working space business model in Vietnam. The market research will demonstrate the business-to-business buying behavior and the working or studying trend of the millennial generation and the start-ups community. Moreover, the reasons for choosing a co-working space provider, what attribute determines the decision making of the start-ups and who are the potential target market will be discussed through the findings.

Due to experiencing the rapid increase of the start-up community, freelancers and location-independent professionals, the idea of planning a co-working space will aim to support these newly established enterprises with a central venue and space for work. Moreover, the start-up within a spectacular industry will be provided with various specialized facility such as designing software for graphic design, 3D printer for technology or JUKI sewing machine for fashion design. The co-working space business also robustly expands their branches in the city to have a broader coverage in order to serve whoever in need of space.

In the market research the business model such as Porter's five forces which identifies the structure of a certain industry will be used. Most importantly, the market research will be conducted to investigate the current co-working space competition, business segmentation, business buying behavior and the type of business that use these products and services the most and propose a proper business recommendations based on the collected data from the survey. Lastly, quantitative and qualitative methods are used to identify the trend of the need of co-working space and specific add-in service that the customers would like to benefit.

As reported by the survey results, two main elements that are the most important in the participant's perspective is the price and the location which would affect significantly the decision making when choosing a co-working space. In addition, the customer would like to have add-in services such as free access to the co-working space's amenities, 24/7 access to the building or stationery supply. These proposals would lead to a more low-cost operation for a start-up to sustain in the competitive market.

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1 INTRODUCTION

The thesis is written with the purpose of researching the co-working space business model in Ho Chi Minh City, Vietnam. Owing to experiencing the robust increase of start-ups and freelancers, the idea is executed into market research and investigations with various business tools in order to later transform into a business plan. The further aim is to support the start-up and freelancer community with the affordable and sufficient space to work and collaborate. Regardless of providing spaces, in this business model, various services will be add-in features such as financial and start-up consulting.

In terms of the start-up scale in Vietnam, it is reported that approximately 3,000 newly established enterprises have entered the market from various fields such as fintech, e-commerce, food tech and healthcare (Das 2018). These numbers had been increasing by 45 percent in comparison with that in 2016 (Das 2018). From the statistic result, the start-up community has expanded robustly in terms of the number of workers and involved with many millennial workers. Alongside with this increase in numbers of start-ups, the future need for working space is as well an essential element. This co-working space will not only support the team to have a permanent working place but also provide sufficient stationery, food, beverage and most importantly helps every start-up to collaborate and share information and knowledge.

This thesis will be broken down in to 9 chapters. The first chapter is the introduction which explains the purpose of this study and tells about the background need for co-working space and the structure of the thesis. The second chapter will include the problem setting and the conceptual framework. Chapter 3 focuses on the concept of co-working space and chapter 4 concentrates on market research. Chapter 5 explains the methodology used in the thesis. Research findings are presented in chapter 6. The research results will be analysed and transformed into summary and conclusions in chapter 7 whereas chapter 8 will be the recommendations for the co-working space business. Final words are presented in chapter 9.

2 PROBLEM SETTING AND CONCEPTUAL FRAME OF REFERENCE

2.1 Problem setting

The core objective of the thesis is conducting a market research in Ho Chi Minh city, Vietnam for the co-working space business which is a rising model in the start-up community. The market research, subsequently, will identify what are the demands for using co-working products and services. From the analysis of the market, the results from the key aspects such as potential customers and their expectations, the competition, business environments, business buying behavior will support the possibility of establishing this type of business model in the current market. Subsequently, there will be a clearer vision of the market for the business to operate and function properly.

To achieve the objective mentioned above, the research questions are set up as followed:

1. What is the Co-working space?
2. The co-working space's status quo in Vietnam?
3. What is the business segmentation for this business model?
4. What is the initial rationale for the customers to use these products and services?
5. What features and add-on services can be included in the business models?
6. How can Porter's five forces model be used to analyze the competition in the market?
7. Who are the competitors in the current market and what are their status?
8. What are the indicators to determine an excellent co-working space business?
9. What is the buying pattern of the customer in this industry?
10. Are there any other similar businesses to compete with?
11. Who are the ideal customers for this business model? Can they be transformed to repeat customers?

2.2 Conceptual frame of reference

Figure 1 demonstrates the conceptual framework for the thesis. The related theory will be explained in chapters 3 and 4. It is apparently seen that the co-working space model is the desired plan which will be resulted in by business tools and various market research methods.

The former includes the Porter's Five Forces to investigate the customer power, supplier bargaining power, threats from substitute products, potential entry from the newcomers and the current competition (50MINUTES 2015, 06).

The latter will be illustrated with various market research methods. Specifically, from the Porter's five forces, it is supported to identify the overview of the market. From the co-working space business model, its value proposition and key consumers will help to identify the targeted customers, who will mainly use the products and the service from the business. Market analysis will demonstrate the tendency and the rationale results in the need of working and studying in the co-working space. Competitive analysis will be carried out to observe what the large competitors are doing in the market and how big the market share is. Furthermore, it will cover the business's buying behavior, business segmentation as well as the local regulation for executing this business in the market.

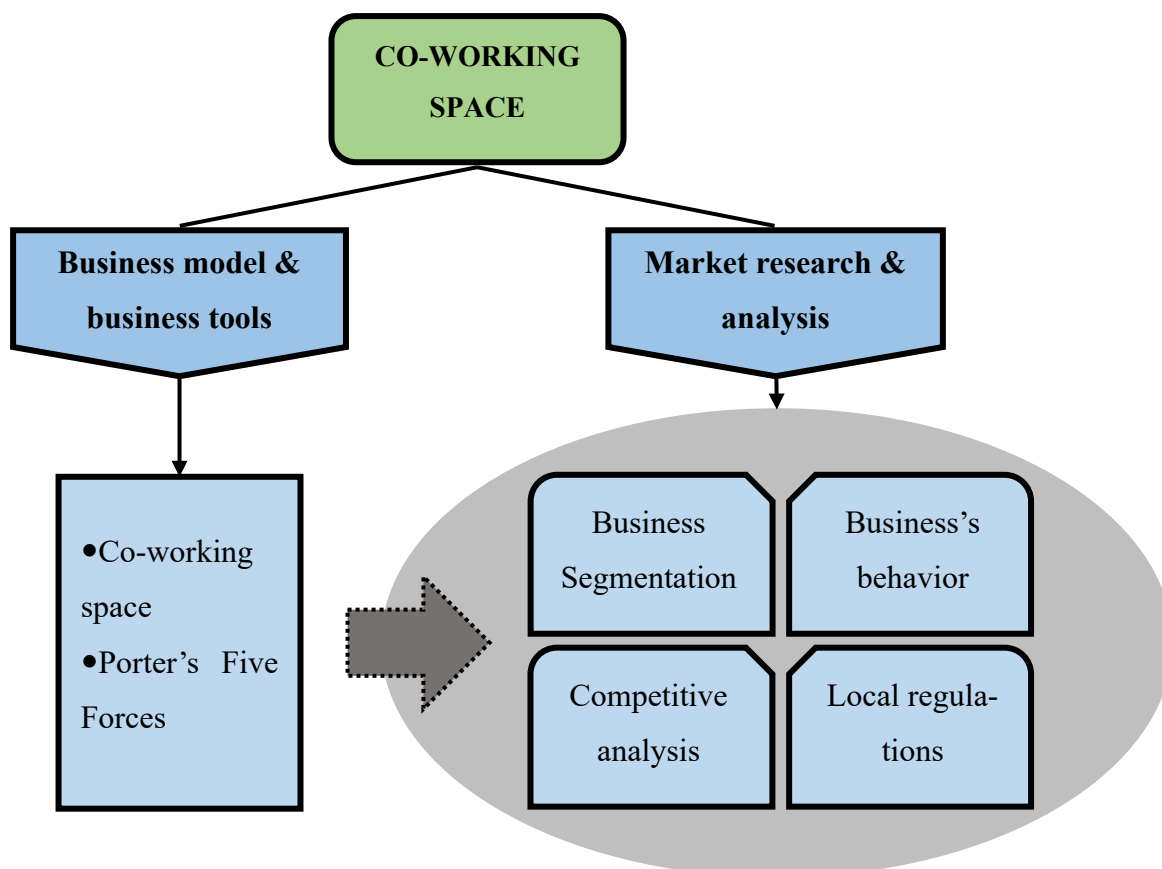


Figure 1. Conceptual framework: Co-working Space Business and the related factors (Author of the thesis)

2.3 Boundaries of thesis and ethical issues

This thesis will focus on the market research for a co-working space business model in Ho Chi Minh City, Vietnam. The market research will not be extended to other parts of Vietnam. Based on the results of the market research, recommendations for the planning and implementation of the co-working space business model will be given, but the actual model will not be planned or implemented in this thesis. There are no ethical issues found in this thesis.

3 CO-WORKING SPACE

3.1 Definition of co-working space

Co-working space is considered an area where individuals and micro-businesses work for their projects or established startups for a short-time lease. This does not result in the similarity with a usual office working place owing to the provision of amenities, environmental surroundings and various types of stationery. Moreover, this working space owns an environment which supports significantly the freelancers and startups with a networking environment, specific community based on which type of the co-working enterprise is aiming at such as technology community or graphic designer community and other basics, for instance, internet connection, coffee, tea and playing zone.

A basic co-working space consists of five values which are collaboration, community, sustainability, openness and accessibility (Schuermann 2014, 23). Initially, collaboration results from the shared projects which the startups in the co-working space agree to execute while community is a value where big ideas alike are gathered. In terms of sustainability, due to a special specific leasing element from the co-working space enterprise that the micro-businesses can take advantage by renting in a short period of time. Renting on a short-term lease supports the newly established enterprises especially the budget concentrated ones. In terms of openness and accessibility values, the former results from the specific characteristics of the co-working environment where open-minded ideas are always welcomed and the latter results from the provision of various type of equipment even the technical ones such as 3D printers or projectors. Furthermore, the co-working space does not end up as an office working area but also includes networking space, business space, information space, relax space, brainstorming space, conference, showroom and development space (Schuermann 2014, 24).

3.2 The status quo of co-working space in Vietnam

Developing into a dominance in commercial office space, co-working space business model observed a robust increase in leased office working space by co-working by

233% from 14,435 square meters to 50,000 square meters (Website of What's Next 2018). Besides, number of operators have been increasing from 24 to 37 centers which reflects the competitive market and the dramatically rising needs of working space. From the previous factors, it is apparent that the competition is getting more players from domestic to international players. The outstanding movement is that WeWork, a co-working space founded in New York city who was funded 20 billion US dollars by Softbank, stepped their first feet in the Vietnamese co-working space market. This reflects that the co-working space market is such a potential market that every operator is increasing its size by occupying various centers and renovating the infrastructure for the customers.

The rationale which contributes the increase in co-working spaces in the center of Ho Chi Minh City are small and medium-sized enterprises. Account of 60% of the total newly registered businesses in the year end of 2018, startups with the number of nearly 30,000 in the south of Vietnam in general and in Ho Chi Minh City in particular, have begun to operate (Website of What's Next 2018). Small and medium-sized enterprises are the key customers who are the profitable spine of the co-working space models. However, in some period, local large organizations as well rent for a short-term lease for the team training purpose. Another factor that affects the dramatic rise of the co-working space model is the under 35 population which accounts for 70 percent of the total population (Website of World Bank 2019). The millennials or the generation Z have the tendency to operate a newly established business than any other ages. Furthermore, Vietnamese young workers nowadays are open-minded and always seek for a unique environment, community or an organization especially in designing and technology where the productivity and well-being are concentrated (Website of What's next 2018).

By observing the two tables 1 and 2, the statistical data has proven that in relation to the national scale, Vietnam has been standing in the top 31 for 0.1 co-working growth per capita. Moreover, Ho Chi Minh city in particular, occupying the 41th position for having 47.5 days between the new space opening. Experiencing the robust rise of the numerous small and medium-sized enterprises, large co-working spaces currently share the market in Ho Chi Minh City, such as Toong Co-working Space, Dreamplex,

WeWork, Kafnu and Circo, are increasing its size and expand to other locations within the city to occupy as much as they can from the potential market.

Table 1. Top countries by co-working growth (Website of Coworking Resources 2019)

Rank	Country	Coworking Growth Per Capita
1	Luxembourg	8.5
2	Singapore	4.7
3	Ireland	4.4
4	New Zealand	4.2
5	U.K.	4.0
6	Australia	3.2
7	Canada	2.8
8	U.S.	2.8
9	Hong Kong	2.0
10	Bulgaria	1.8
11	Switzerland	1.8
12	Belgium	1.7
13	Portugal	1.5
14	Finland	1.4
15	Denmark	1.1
16	Malaysia	1.1
17	Israel	1.0
18	Sweden	0.9
19	The Netherlands	0.7
20	U.A.E.	0.7
21	Spain	0.5
22	Germany	0.4
23	South Africa	0.4
24	Morocco	0.3
25	Philippines	0.3
26	France	0.3
27	Poland	0.3
28	Thailand	0.2
29	Kenya	0.1
30	Italy	0.1
31	Vietnam	0.1
32	Indonesia	0.1
33	India	0.1
34	Japan	0.1
35	Bangladesh	0.1

Table 2. Top cities in co-working growth (Website of Coworking Resources 2019)

Rank	City	Days Between New Space Opening
1	London, U.K.	5
2	New York City, NY, U.S.	7.5
3	Toronto, Canada	13
4	Austin, TX, U.S.	15
5	Denver, CO, U.S.	16.8
6	Dallas, TX, U.S.	17.8
7	Los Angeles, CA, U.S.	17.8
8	Houston, TX, U.S.	19
9	Melbourne, Australia	20.4
10	Chicago, IL, U.S.	20.4
11	Manchester, U.K.	21.9
12	Berlin, Germany	21.9
13	Sydney, Australia	23.8
14	Manila, Philippines	23.8
15	Kuala Lumpur, Malaysia	23.8
16	Bangalore, India	23.8
17	Singapore, Singapore	25.9
18	Columbus, OH, U.S.	25.9
19	Cape Town, South Africa	25.9
20	Paris, France	28.5
21	Mumbai, India	28.5
22	Leeds, U.K.	28.5
23	Bristol, U.K.	28.5
24	New Delhi, India	31.7
25	Barcelona, Spain	31.7
26	Baltimore, MD, U.S.	31.7
27	Philadelphia, PA, U.S.	35.6
28	San Diego, U.S.	35.6
29	Gurgaon, India	35.6
30	Warsaw, Poland	40.7
31	Vancouver, Canada	40.7
32	San Francisco, CA, U.S.	40.7
33	Salt Lake City, UT, U.S.	40.7
34	Portland, OR, U.S.	40.7
35	Memphis, TN, U.S.	40.7
36	Lisbon, Portugal	40.7
37	Bangkok, Thailand	40.7
38	Washington D.C., U.S.	47.5
39	Tampa, FL, U.S.	47.5
40	Jakarta, Indonesia	47.5
41	Ho Chi Minh City, Vietnam	47.5
42	Dhaka, Bangladesh	47.5
43	Cleveland, OH, U.S.	47.5
44	Charlotte, NC, U.S.	47.5
45	Brussels, Belgium	47.5
46	Brisbane, Australia	47.5
47	Boston, MA, U.S.	47.5
48	Belfast, Northern Ireland	47.5
49	Auckland, New Zealand	47.5
50	Amsterdam, The Netherlands	47.5

4 MARKET RESEARCH

4.1 Competitive analysis

A competitive analysis is considered a vitally important tool in the marketing plan for evaluating the current competitors in the particular market in order to establish a unique product or service which can stand out and catch the attention of the customers (Website of Entrepreneur Europe 2019). The elements to be evaluated from the current competitors varies from marketing department to financial department such as marketing strategy, social media approach, cost structure, current and past strategies, strengths and weaknesses and so forth. The competitive analysis not only give the business a bird's eye for the overview of the current market but also an in-depth insight of the current players. In addition, Sun Tzu, who is the Chinese strategist and the author of the book *The Art of War*, once said “*Know thy self, know thy enemy. A thousand battles, a thousand victories*”. From this quote, it contributes more to the fact that a carefully planned competitive analysis will result in a head start and the current market overview once stepping in the industry. The questions to be covered in the competitive analysis conduct are:

- Who are the competitors?
- What products or services do they sell?
- What is each competitor's market share?
- What are their past strategies?
- What are their current strategies?
- What type of media are used to market their products or services?
- How many hours per week do they purchase to advertise through the media used in this market?
- What are each competitor's strengths and weaknesses?
- What potential threats do the competitors pose?
- What potential opportunities do they make available for the business? (Website of Entrepreneur Europe 2019)

In this thesis, one of the most used method to evaluate a business market is Porter's five forces which will be mentioned below.

4.1.1 Porter's five forces

Before entering in a new market, one business had better consider the probability and to what degree they can survive under the competitive environment. This environment includes all of the existing competitors who are used to the characteristic of such business industry and strong enough to drive the new entrants down. Before stepping the first step into every market, it is essentially required for the entrepreneur to analyze the market beforehand which helps to acknowledge who the competitors are, the needed amount of resources to survive and the position they are in.

To evaluate this, one of the analysis models that can evaluate a market is called Porter's Fiver Forces model which is developed by Michael Porter, a Harvard University professor (Kotler & Armstrong 2014, 42). This model was born to support the entrepreneur to acknowledge their existing competitors and the new entrants who are considered the potential future rival (Kotler & Armstrong 2014, 42). As a result, the business can review the framework and subsequently conducts a proper strategy against the threats before entering the current market. One industry's structure is conducted by five key aspects which are competitive rivalry, potential new entrants, bargaining power of suppliers, substitute products and bargaining power of buyers (Margretta & Porter 2012, 36). These five key elements demonstrate the influence to the current industry, how they work and how they share values together. This model can be demonstrated by its structure from which the reader can understand and acknowledge the characteristics and foundations of a given industry.

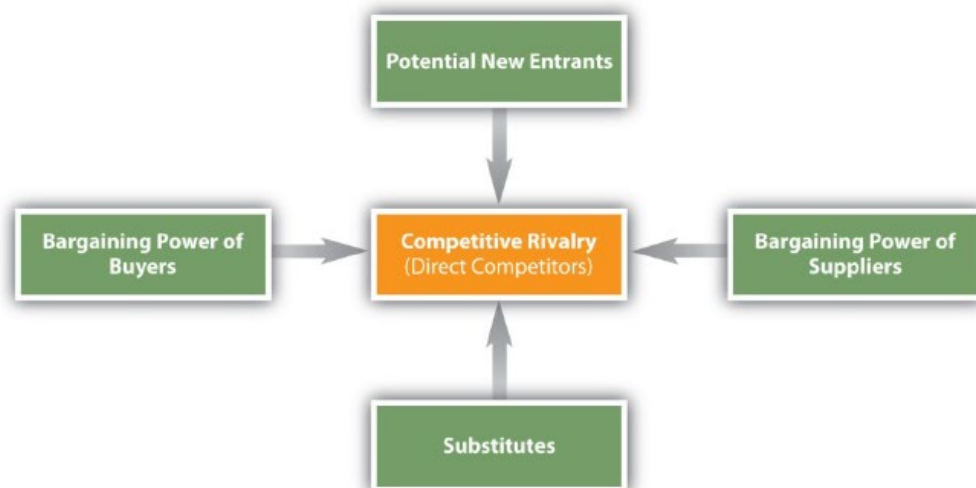


Figure 2. Porter's Five Forces model (Kotler & Armstrong 2014, 43)

Most importantly, according to Margretta and Porter, “the five forces framework explains the industry’s average prices and costs, and therefore the average industry profitability you are trying to beat”. Moreover, from the framework, the in depth analysis conducted for the newly established enterprise will show the status quo in the industry, the substitute products from different companies, the most challenging factor that the new business has to cope with and what to concentrate on if the business knows its weakness. Thus, it can be clearly seen that these five key aspects play a vitally important role in analyzing one’s industry.

Bargaining power of buyers: Initially, the buyer is one of the five important key elements in this framework. Owing to be the core target and being, in majority, the most profitable source from every company, the rising power of buyers is undenied. The more powerful the buyers are, the greater the decrease of the profit margin on a product (Margretta & Porter 2012, 42). If the buyers are having sufficient reputation in its industry, they have the voice to negotiate on the table for the further markdown of the product’s price. Walmart, an American multinational retailer corporation, has its bargaining power in the grocery industry which can force to lower the price if the company wants its products on Walmart’s shelves (Kotler & Armstrong 2014, 44). In addition, apart from requesting a further decrease of a product’s price, the buyer can

also be able to demand for more added value to the product which may cost the business more struggling time with its research and development department for additional features.

Most of the targeted customer of the co-working space business model are small companies, startups and freelancers. Due to the characteristic of a short-term lease service, the price for a service package is fixed and only reduced if the customer company would like to rent a whole floor in the building. This results in the fact that individual customer cannot take the lead in negotiating for a place to work. The co-working space business is involved with both business to business and business to customer models. However, since the target customers are the startups and freelancers, the customers hardly have the voice in demanding more values added to their workstation. In terms of the freelancer, they can only be offered with an existing service package available within the building whereas startups and small companies are able to deal with added value or experience during their work in the co-working space building. The added value will be considered in the negotiation day when both parties take part in signing the contract.

Bargaining power of suppliers: The supplier is also considered to have such power to negotiate on the table as well. This can be demonstrated through demanding for a higher sale price if the supplier is the main source for some of the material used in a product and most of the buyers depend on this only source. Lowering the profitability within the industry also takes place in this aspect. Due to the fact that the business possibly turns to be out of stock of a certain product which will result in decrease of sales and profits unless that business handled the source of supplies by altering its supplier just in time. For instance, due to a high skill profile and a long period time of training, doctor and pilot are two jobs that have its dominant bargaining power (Margretta & Porter 2012, 45).

In this business model, no raw materials are required to manufacture any products, nonetheless, the business mainly depends on the utility within the building such as electricity, internet connection or water. In relation to the electricity, it is impossible to replace the supplier with another since the electricity industry is the monopoly type. Nevertheless, the internet service can be considered between various providers as long

as the connection speed and the price are reasonable to the business. Moreover, stationery for the startups within the building is always supplied on time as it is flexible and common for the co-working space business to manage this office inputs.

The core supplier is the premise owner. Most of the co-working space businesses choose their location in the commercial tower within the central district. This explains that the area which the business use to rent out their space to the customer is from the premise owner. In another statement, the co-working space business sub leases their space in a short-term period to their customers. Since the co-working space mainly depends on the available space to rent out, the owner of the area will have more powerful voice in negotiating the price of the useable space. If the area is in the heart of the financial area or the center of the city, rent price hardly decreases. Moreover, the premise owner will have more power to demand a higher price and constrain the business with a long-term contract. If the building used for the proposed co-working space business is owned by business owner, there will be no vigorous influence from the area supplier. Another mandatorily intangible product is the management software to handle the customer current and past data for future purpose. It is apparently seen that this software's price will be fixed, therefore, there is no other way for the business to negotiate for a better price in terms of a business's use.

Potential of new entrants: The greater increase of the number of new competitors in the market, the stronger decrease in a market share of an existing company. Business is to make profit, this aspect as well influence the profitability of other competitors within the same industry. The market shares will be divided into pieces for more players which means the possibility to gain more market share will be lowered. It is a minimized threat that if the new entrant is not used to the characteristics of the industry, however, the existing business's position can be weakened if the new entrant has a faster pace in growing to an effective competitor.

As long as the new entrants have the sufficient capacity to secure a premise to rent out their space for business, the probability of the entrance for the newcomers will be low. As mentioned above, the main supply for this business model is the area used to divide itself into smaller offices. Subsequently, decoration and renovation likewise require the capital investment to match with the culture which the business is heading to.

Moreover, it is clearly seen that setting up business plan, calculating the financial plan and operating the business at the first stage will consume more time.

However, building a culture and a community within the company requires the co-workers to have the similar vision and field they are expert in. Otherwise, it is highly essential manage the community with a different mix of occupations as long as they have the similar vision. Furthermore, the co-workers need to be well cooperated between the startups, excellent collaboration and ethic if there are any projects between the small companies. Overall, building a community under the same roof takes time for the new entrants to be finally stable in human resources, operation and finance.

Competitive rivalry: Regarding to the direct competitors, these existing companies acknowledge well enough the characteristics, the strength and the weakness of the industry. If there is only one company in the industry, it turns out to be a monopoly profile which the company can be dominant over the new entrants. In addition, both the buyers and the sellers have acknowledged a single product from this company before so it will take time and cost for the new entrants to alter the customer's behavior. If there are currently numerous competitors in the industry, the new entrants should have invested more in marketing strategy for the product to speak for itself to catch customer's attention.

The co-working space business model is genuinely new in Vietnamese market. Regardless of being new, there are many large companies that have operated for three years such as Toong, Hive and Circo. Recently, WeWork has stepped its first step into the Vietnamese market to compete with the local companies. It is clearly seen that Vietnamese market is young and full of millennials generation who would like to be expert in design, IT and operating a startup. The local demand is robustly increasing in the need for a space to work, in the meantime, most of the local co-working spaces are expanding their size into other areas than the central district. However, each of these co-working spaces has their own culture and their target customers are quite different compared to others', for example, one community targets their value of being eco-friendly, the other marks their value in future technology. Due to the different

culture and community, the segmented customer will be narrowed down from the common customer pool. Thus, there are quite no clearly visible direct rivalry between these co-working space in the Vietnamese market.

Substitute: Substitute products which are the same products from different company but have the same features and put a ceiling price on an industry profitability (Margretta & Porter 2012, 46). This product can be resulted in rising comparisons from the customer on a Walmart's shelves. Which products are more well packaged or cheaper will catch the customer's attention. For example, Coca Cola and Pepsi in the energy drink industry are the direct rivals with substitute products with the refreshing beverage targeting the young generation.

In this business segment, there are available substitute other the co-working place to offer the place to independently work or group projects. However, the value that the co-working space brings is much more than working at home, working at the coffee shops or traditional office. Despite costing higher price than working at home and working at the coffee shop, the co-working space offers adequate facility to complete the work faster. It as well creates an energetic working atmosphere which invisibly boost the productivity of the individuals. Moreover, work opportunities and projects, which are more worthy than only completing the given task, in the community will be missed. It is at ease to switch between the working spaces, however, when an individual gets along with the co-working space, the chance to switch back to the other spaces will be lowered as the features offered in the co-working space are superior.

4.1.2 Local regulation

The businesses in the market are required to comply with the local regulations in order to continually operate. There are few regulations which could make an impact on the income of the business. In addition, the regulations may differ in various industries and those should be paid a higher level of attention by the businesses. The local regulations can vary from financial related policies such as sales tax, tax code, advertising, licensing and permits to basic general regulations which are employment and labor law, environmental regulations and insurance. Not all the mentioned regulations

should be covered in a certain industry, some of those are vitally important based on the type of the market.

To establish a new enterprise, it is required for the owner to refer various law articles to get things started. In terms of a normal enterprise with no unique characteristics, such as import and export company, coffee shops or a fashion brand, these law articles refer to tax code, excise tax, business registration certificate and type of business selection. However, these law articles could be easily handled by the local law consulting agency. Thus, in overall, the common law article to establish a new enterprise has the low level of difficulty in the business's owner perspective.

Nonetheless, it is essential for the business owner of the co-working space model to pay extra attention of this newly emerging firm. The co-working space business model recently come to Vietnamese market from 2015. This new model has caught attentions of the freelancers and start-up community and been raising its popularity within the business industry. In relation to the local regulation for this business type, due to its freshness to the local market, there has not been any specific law clause on establishing a co-working space model. In spite of the absence of the specific co-working space model in the Vietnamese law enterprise, to establish a normal legal business, according to clause 7, article 4 of the 2014 law on the definition of "enterprise", it is necessarily required to sufficiently have the company's information in order to operate in the market (The Website of Legal Normative Documents, 2019). These data involve with registered address, phone number and fax number within the Vietnamese territory and along with, according to article 43, of the 2014 law on the definition of the business headquarter, organization's registered name, owned assets, business office, establishment registration under the provisions of the law for business purpose (The Website of Legal Normative Documents, 2019).

In the status quo, the current law does not have any regulations related to prohibiting the business to have its headquarter operated in a co-working space. Thus, the startup does not have any difficulties in establishing their company within the cooperated working zone. Nonetheless, because renting a space for operating a business within a co-working space is uncomplicated, there are several cases that startups taking advantage of this co-working environment to scam the customers with fake products and

unilaterally cancel the business contract with another company. Once these startups commit frauds, subsequently, they cancel the registered address with the co-working space, move out and block any means of communication. To sum up, the local regulation to establish a co-working space model in Vietnamese market is uncomplicated at the time being for the new entrants, however, there will be risks within the co-working space where a few startups attempting to commit a fraud.

4.2 Customer analysis

4.2.1 Business-to-business buying behavior

Understanding the needs of the current business to identify and setting up purchasing plan is the key aspect referring to the business buying behavior, for example, purchasing raw materials from different suppliers in order to transform them into the completed products which will be sold to the wholesale company or grocery stores. In addition, this also refers to the buying process in a business and different types of buying situations that may occur during operating a business.

The buying process within a business is to determine which materials should be considered purchasing according to their needs and evaluate between various supplier before making the decision. This process involves seven stages which include recognizing needs, need evaluation, seeking for suppliers, request for proposal, proposal evaluation, purchasing and post-purchasing (Kotler & Armstrong 2014, 117).

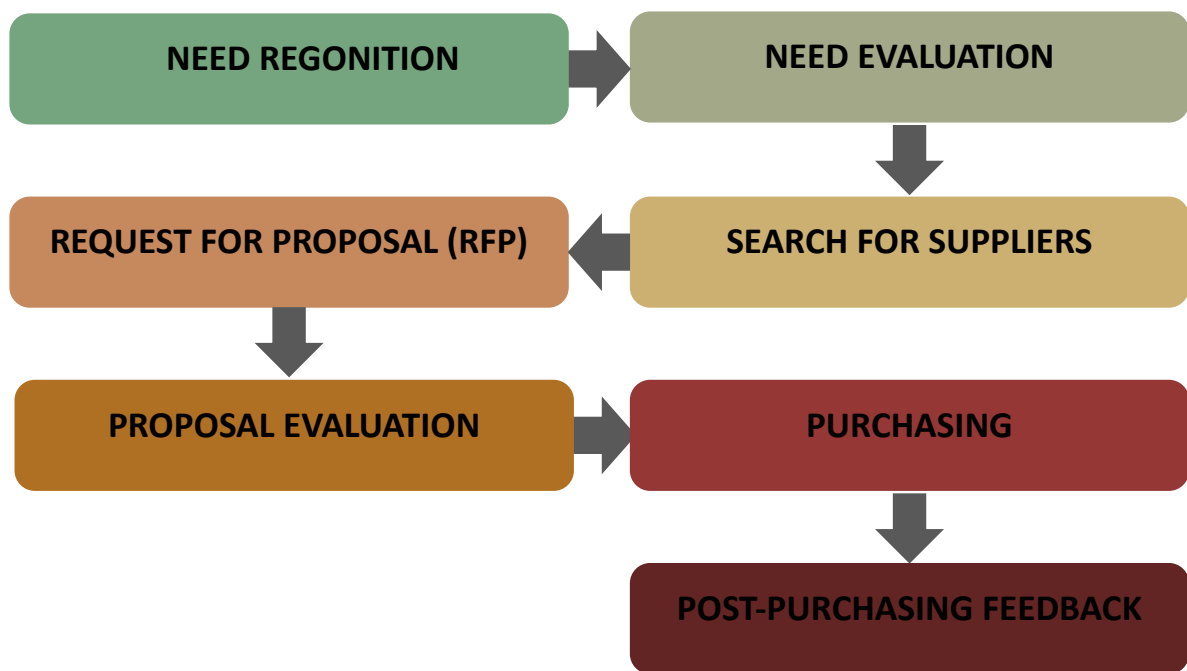


Figure 3. Business Buying Process

Initially, the need could be recognized internally or externally. Within the organization, the need can be started from the manufacturing machine which is broken down and needs replacing. This problem results in the delay of the manufacturing chains and would delay the handling and delivery to the customer stage. In contrast, external reason could be resulted from the new product in the manufacturing process and it is in need of a genuinely proper materials.

Subsequently, the buying center within the company would take action to determine the proper characteristic and quality of a certain material to be purchased (Kotler & Armstrong 2014, 117). In addition, the compatibility of the needed material would be taken into consideration whether a certain input material would work on their final product. Afterwards, the needed quantity will be proposed based on the master production planning.

At the stage of searching for suppliers, there are multiple platform that the buying center can rely on. Internet technology has developed rapidly to include all information on this platform which the buying center find it reliable to identify the supplier source

via social media or certain supplier directories. Seminars, trade conference or meetings also bring the search result for the potential suppliers. Other method is to use the networking of the salesperson to look for the suppliers. However, there are various factors that influence the supplier selection phase such as geographic location, financial stability and the future availability (Kotler & Armstrong 2014, 118).

Request for proposal (RFPs) is required for the supplier to complete if they have been considered by the business. This proposal comprises of such characteristics of a product and supplier for the business to decide which vendor fits them best. The characteristics include price, product quality, delivery time, post-purchase services and further aspects required by the business. If the product is a physical good, the supplier can beforehand send the sample for the company to test and inspect in case the product is good enough. If the product is a core product which accounts for the majority of the supply chain, the supplier can meet in person to explain the detailed information and how to maximize its performance (Kotler & Armstrong 2014, 118).

Afterwards, the review of the request for proposal is executed by the buyers from the buying center. The filled-in criteria will be submitted to the table to have an overview for easy evaluation. Based on the priorities of the business, prices, delivery time, after sales service will be taken into account for consideration to choose the best one out. Some of the companies may prefer better price to limit the cost, but, due to some complex product such as manufacturing machine, the post-purchasing service will be considered carefully to not affect the delay in the supply chain (Kotler & Armstrong 2014, 119). Even this method supports to choose the best one among the suppliers, it is essentially to save one or more substitute for the main supplier. Due to the fact that the main supplier may go bankrupt or their manufacturing plant is under protest, the buyer business will have the substitute supplier to avoid delay in their supply chain.

The order routine will be established after considering between the suppliers. This purchase will include delivery time, payment due, payment method, quantities, warranties, returns and any further policies discussed in the negotiation. This order will be based on a weekly or monthly basis. There are cases that the business will outsource their warehouse under the management of the supplier for flexibility in managing the stocks.

Finally, after the order has been made and all go to one streamline, the post-purchase evaluation will be made based on the performance of the vendor. This evaluation will support to keep track the activity made by the supplier and to consider maintaining the relationship in the near future.

For instance, a table manufacturing company is scarce of table legs for their final orders to a business customer. The company will first evaluate the need of the table legs with quantities, material or screws needed. Subsequently, the table legs supplier will be searched through various channels. After having a list of qualified suppliers, the RFP will be sent out for the supplier to fill out their details of the table legs which include delivery time, material and quantity. Then, the RFP will be evaluated by the manufacturing company to choose the best supplier for its product and the purchase requisition will be sent out to procurement team to make a purchase order. Finally, there will be feedback from the manufacturing company if the table legs are in an excellent state for the final version of the table.

4.2.2 Business-to-business segmentation

Within the business to business markets, there are two segments to be considered for the business to analyze their target customer before launching their products or services. One of those segments is the macro segmentation, which will concentrate on the broader perspective within the market to identify the subgroup. On the other hand, micro segmentation focuses on a narrower view in the current market with further specific characteristics (Brassington & Pettitt 2006, 194).

Macro segmentation will be based on the characteristics of an organization which include organizational size, geographic location and usage rate (Brassington & Pettitt 2006, 194). In terms of the size, this attribute expresses clearly between the large size and small size company. Large-sized business tend to have a formal buying process and this process will be involved with the buying center which comprises different key roles. A decision making on a certain product will be checked and approved by many

stages within the company to carefully evaluate the risk that could happen and minimize the cost (Brassington & Pettitt 2006, 195). For instance, in HSBC Vietnam, the customer value management department would like to purchase a pack of vouchers to reward to their loyal customers, however, this purchasing process made with the third-party vendor will be going through approvals from higher profile position such as head of customer value management, head of Risk and head of retail banking management. In contrast, small-sized company involved with a smaller group of people making decision on purchasing a product through a simpler buying process. In related to the geographic location, it depends on the type of the industry for the business model to be located. To be more specific, financial company will be located on the central district of a city or gather together in most of the large capitals in the world such as Tokyo, London and Zurich. Additionally, manufacturing company is in need of wider land usage, as a result, the manufacturing plant will be conducted on the remote areas. Furthermore, geographic location will affect the company with the local culture, there will be the head of buying center to make decision purchasing a certain product but somewhere else needs the involvement of the group of authorized roles. Regarding to the usage rate, different purchased quantities results in the segmentation based on the volume of purchased goods. It depends on the supplier to have a purchasing quantity threshold, over which the purchased quantity exceeds, the buying company will be considered heavy user and be offered with special treatments such as after-sale service or express delivery. In contrast, light user demonstrates nothing special as this user is as common as other customers. Thus, in the business's point of view, it is better to maintain the relationship with the heavy user rather than drawing attention to numerous light users (Brassington & Pettitt 2006, 195).

In the micro segmentation, within an industry, there are still companies that have different buying philosophy compared to the others. Thus, it is vitally important for the salesperson to take consideration which attributes, for example, buying policies, needs and wants, price or strategy, these companies heavily concentrate on. These information are easily attained from the internet platform, word of mouth within the industry or past experiences (Brassington & Pettitt 2006, 196). Segmenting micro groups will be also based on product, applications, technology, purchasing policies, decision making unit structure, decision-making process or buyer-seller relationships.

4.2.3 Identifying target customer

The co-working space business is established in order to support the startups and the freelancer community to have an affordable working station with sufficient features as similar as the traditional office. In this thesis, the target customer is expected to be small businesses or individual worker. To clearly identify the market audience, in this thesis, a survey will be conducted to clarify the reason behind the growing demand and the value proposition that stands out to make the customer choose a company rather than the others.

5 METHODOLOGY

5.1 Research design

To implement a research objective, it is required to apply the appropriate research design for the problem setting. The research design helps to plan a strategy to address the research objective properly and logically. Furthermore, there are various research designs for the author to consider such as exploratory, descriptive or explanatory.

Exploratory research is designed for the genuinely new under-researched topic and this research helps to explore the knowledge and discover new insight from different perspectives (Leavy 2017, 5). Through this design, the researchers will be able to conduct questions based on the current topic in order to address the research question at ease. However, since the topic is usually new, there are few guidelines and ambiguous steps for the researcher to address the research objectives easily. (Neuman 2013, 38.)

Descriptive design refers to the picture's description or an answer of the research problem. This research design is often used in, for instance, the relationship between the dropout of school and the probability to become a high-profile position in a company. Moreover, the design is executed for the question how and who of a certain research

issue. This design will collect data as well as surveys, field research and analyzing contents from different platforms. (Neuman 2013, 39.)

Explanatory research often derives from the descriptive and exploratory design to discover the reason why a certain issue would happen in a special condition (Neuman 2013, 40). Taking the dropout case for example, this design will help to seek out the possible rationales leading to the outcome.

The proper research design for the demand research in the co-working space market is the descriptive design. Due to the fact that this business model is presently available in the market, in-depth insights need retrieving from the community to acknowledge whether the demand is sufficient and growing. Furthermore, a survey will be conducted to find the major needs, if it was the location, price, or added features, derived from the startups and freelancers.

5.2 Research method

5.2.1 Quantitative method

Numerical and statistical methods are executed in the quantitative method (Thomas 2003, 2). This method is used with closed questions which are established to be answer in a Yes or No method or on a scale from 1 to 5. The questions are to be made in a simplest form for the participant to fully understand and express their opinion towards an issue with a numerical scale. The sources for the quantitative method can be driven from various forms which are survey or observations. Survey can be conducted online using the internet or social media to interact more participants whereas observation is directly conducted to interact with the reality, for instance, counting the number of elders to go shopping at the local mall in the morning.

Quantitative research transforms the numerical data received from the surveys or observations to a more descriptive outcome which can be demonstrated in patterns, relationship, connections between the result and the objective. The resulted data subsequently will give out a big picture for the common ground. However, one limitation is

that the quantitative research should be conducted in a large scale in which a huge number of participants join in the survey. By this method, large sample sizes will result in a more accurate analysis whereas small sample sizes lead to an ambiguous outcome. Since the quantitative method involves with closed questions, thus, no explanation of the answer will be given for in-depth insight towards an issue.

5.2.2 Qualitative method

Qualitative method, in contrast, uses empirical materials which are case study, personal experience, life story, interview, introspective, observational, historical, interactional and visual texts (Thomas 2003, 2). In comparison to quantitative method, qualitative research is conducted to gain the results in the form of text, language, pictures or observations. Moreover, this research gives an in-depth insight of a phenomena or a study case which will result in explanation of how and the rationale for the topic objectives. The sources to establish a qualitative research are from the interviews, focus group, observations or secondary data. Interviews can be conducted online by various communicating platforms or directly in person whereas focus group occurs in number of participants for a topic objective. Observations can be established, for example, experimenting a human behavior in a research and development lab while secondary data can be driven from the past results, however, which can be out of date.

Qualitative research will give the outcome under the form of text rather than numerical data. Under this form, a detailed insight of an issue will be collected to effectively discover how and why behind an issue. However, qualitative method requires a great deal amount of time to conduct and execute due to the characteristics which are lengthy, direct, detailed and interactive. Moreover, if the researcher is conducting a topic, which is out of range of his academic field or expertise knowledge, more time will be required for adequate learning, validity and reliability. Furthermore, before starting a qualitative interview, this research involves with context, availability of the interviewee, conditions and place. Nevertheless, in this thesis, the qualitative method can be under the form of text asked in the survey which has been already included with quantitative questions.

5.3 Population and sample

Population is the large group of people containing the sample that the researcher wants to extract from to generalize results (Neuman 2013, 247). Usually the population will be identified by being based on the research objective scope. For example, the research objective is to figure out the relationship between playing video games and violent behavior in the society in Ho Chi Minh City, then, the population group should be the people who are currently involved with video games in this particular area. On the other hand, sample is a more specific case which are selected from the population to deeply research for insights for a research topic (Neuman 2013, 246). For instance, a survey is sent out via e-mails to 500 receivers but only 200 people participate in filling out the survey, in this case, 200 participants are the samples. In order to correctly generalize result, a precise and proper sampling method is advised to be applied during the procedure. In this thesis, the population consists of people who are currently living in Ho Chi Minh city and who are working in an industry which has high probability of starting a startup or people who could be interested to start up a business in the future.

By applying the convenience sampling method, which is considered simple, convenient and accessible by numerous people online, the research outcome is expected to retrieve the responses of which factors affect the demand in the market. Convenient sampling method is one of the nonprobability sampling techniques which is easy to get access to and well support the research to select any participants coming across (Neuman 2013, 248). For instance, having a quick survey or questionnaire in the supermarket is promoted by many brands to seek for the customers' reaction towards its new flavor or products. The reason for choosing convenience sampling method for this thesis is that the author is currently living in Finland whereas the market research will be taken place in Ho Chi Minh city, Vietnam. Thus, the author cannot directly examine by randomly selecting the participants but proceeding the survey online through social media platforms. Furthermore, in terms of the cost, the author does not have any funding to conduct an alternative sampling methods to figure out the more random sample, however, it is expected that through this sampling method, initial primary data will be retrieved in a short time based on the advantage of social media platforms.

5.4 Making the questionnaire

The questionnaire and the initial primary data are conducted and retrieved on Google Forms. Initially, the question is to figure out if the industry that the participants are working in is related to the probability of starting a startup and which industry of a startup does the participant would like to establish. For instance, nowadays, most of the startups established are technology based. Furthermore, the question also concentrates on the customer's reason to choose which working space fits them perfectly for efficient and effective outcome. Not only the additional features that the customer would like to benefit, but also the price range for individuals and start-ups would be investigated as well. Through the survey, the author is acknowledged if the participants are aware of the current competitors in the market and by which attributes affect the making decision process. From the questions in the survey, they illustrate an overview of the market telling what perspectives determine the market demand in such industry.

Specifically, the first seven questions will be about the personal information of the participant. Question 1 refers to the age information of the participant which will explore at the age range in this survey. Question 2 ask the participant whether he or she is a start-up member while question 3 ask specifically the occupation of the survey takers. Question 4 refers to the living location in order to determine which location is the most populated. Where and how the participants work or study independently will be figured out in question 5 and 6. Starting from the question 7, the questions will be exploring co-working business concept with the perspective of the participants, which consists of the familiarity towards this concept, top co-working brands come to mind, the industry that the participants personally would like to establish, the importance level of each elements that determine a co-working space, price range, additional services and the likelihood that the participants would like to rent out a co-working space in the next six months. (See the appendix for more details)

5.5 Data collection and analysis

It is required for the writer to acquire the following insights through quantitative collection method, through survey to be specific, in order to acknowledge the requirements from the consumer's point of view towards the co-working space business. Furthermore, quantitative outcome will be illustrated through retrieved data demonstrated in charts and graphs. Due to the difference of the geographic location of the author and the researched place, surveys are convenient and easily accessible in the participant's point of view and numerous responses are expected to be retrieved through online social media platforms.

In terms of surveys, basic information to identify the market size and consumer range is age, occupation, the type of work (freelancers or technology related workers), working environment, stationery resource requirements and other facility related including the renting price. The survey will be carried forward after finishing the theory seminar. Most of the survey participants will expect to be in the range of 18 to 25. The data will be subsequently collected and analysed to identify the trend of using a space for working independently such as for freelancers or renting a space for a start-up in a short-term lease and the duration of the independent or a start-up to use a space. Moreover, the culture and the community type will be that most of the start-ups and freelancers are heading to so the consumer's pool will be maximized as much as possible. From these data collection, further process such as interior design will be discussed to find which is suitable for the culture and community of the co-working space business and the renting price will be considered based on the using duration of space.

One factor which may affect the validity and reliability of the research is that the proportion of participants take part in the survey may not fully represent the whole community in Ho Chi Minh City which are currently up to more than 10 million people. Because the scale is different, it is projected that up to 100 people will take part in this survey conducted on online social media platform compared to 10 million in the city. However, the expected participants should be the millennials generation and young adults from 18 to 25 years old who have the tendency to operate a small startup will be the main concentrations in this market research.

The survey was uploaded online in the middle of December 2019 which takes place on the Facebook platform, with the aim to investigate the potential customer of this business model and the customer's needs towards the co-working space services in Ho Chi Minh city, Vietnam. The reason behind this social media platform is that Facebook is currently the most used platform in Vietnam with 45.3 million users in 2019 and the most popular age range is between 18 and 34, which is quite equivalent to the target market of the co-working space (The Website of Statista, 2020). Even though the Vietnamese users on Facebook is tremendous, the access to the massive population depends on the connection via friends on the author's account. Thus, the results is not large when comparing to the total users on Facebook. After a month, the results were retrieved with 112 participants expressed their opinions and insights for this new business.

5.6 Reliability and validity

Reliability refers to the consistency of the results under the same condition and the same method (Neuman 2013, 212). This can be explained by weighing yourself by using a scale. Given that the scale is perfectly useable and apparently the user does not eat or change clothes, the same measurement outcome between several practices will be consider reliable. On the other hand, validity refers to the truthfulness or accuracy of the measurement result (Neuman 2013, 212). To be more specific, it is accurate when the outcome is exactly what it meant to be. However, the response to a question can be reliable but cannot always be valid as if when the approach is mistakenly wrong. The author acknowledged that the survey shows a part of the picture of the market. This result from the total participants, which are 112 people, took the survey compared to the total population of the city, which is nearly 13 million people. Moreover, the survey was uploaded via the Facebook account of the author which is obviously unable to connect with the total population of the city on this social media.

6 RESEARCH FINDINGS

The survey was established on Facebook platform and was retrieved with 112 responses. The following figures will demonstrate the survey questions, charts and tables.

How old are you?

112 responses

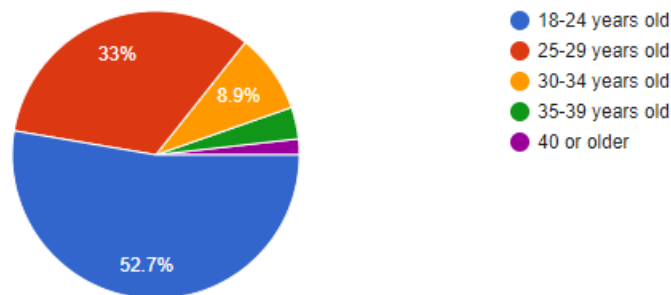


Figure 4. Age of the participants

The pie chart above demonstrates a large proportion of young adults ranging from 18 to 24 years old with a percentage of 52.7% of the respondents. Technically, in this industry's perspective, its target market will be mainly audience from 18 to 29 years old, regarding to this pie chart, 85.7% among the total participants are included in the mentioned age range. This age range is quite fit with the assumption of the young customer's age range to use a co-working space service mentioned in the theoretical chapter.

Are you a freelancer or a start-up member?

111 responses

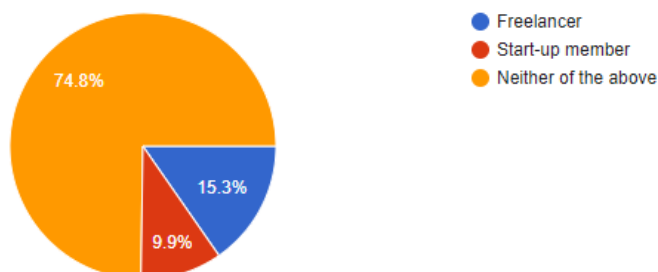


Figure 5. The start-up occupation status

Neither of a freelancer nor a start-up member is a result of most of the audience is still under university education or working as a contract employee with nearly 75%. A quarter of the above chart is exposed to be the business's target customer, however, the proportion of student can be a co-working space's target customer as long as this business model provides an independent working hour for an individual and more young adults nowadays tend to be operating their own business.

Table 3. Participants' current occupation (N = 112)

Occupation	Percentage
Student	48.20%
Other	23.40%
IT	8.90%
Finance officer	7.90%
Engineer	7.10%
Graphic designer	4.50%

Most of the participants are students accounting for 48.2% of the total audience. The second largest proportion would be business-related industry with approximately 30% of the total participants. This industry mainly includes financial officer, marketer, customer support and human resources. The third largest group is information technology with 8.9%.

Accounting for the largest proportion, regarding to the startup's attraction to the Vietnamese students, it is visible that more Vietnamese students tend to operate their business at their own nowadays. This can be illustrated by three reasons which are more time and opportunities, the growth of social media platforms and information access (Website of Vietcetera 2019). The newer society and the state of being open to the modern world have welcomed a wide range of different industry to the country. In addition, with modern communication technology and different university's courses apart from economics, health or social related, the students have chances to get access to more niche industries such as data analysis, sustainable fashion or product architecture. More access to different industries, more startup ideas to be formed. In terms of the booming of the social media platforms, the haste of getting used to the newer social media applications from the young adults is indisputable. Some individuals take advantage of these platforms to be an online influencer, subsequently, sell their influence

to endorse products from other startups. These influencers not only earn revenue but also significantly increase the value of their endorsed brands. 55 million people, half of the Vietnamese population, are used to the social media platforms such as Facebook, Tik Tok, Instagram and local media Zalo. This leads to the potential online market for more people to take the advantage of online platforms to start a business of their own. More access to the essential information, the younger generation can learn from their senior in terms of experience and they get to meet and network with different founders and startup community through workshops, training sessions or conference.

Table 4. Participants' living area (N = 112)

Location	Percentage
Other	31.20%
Binh Thanh or Phu Nhuan Distict	22.30%
District 1 or 3	21.40%
District 4 or 7	14.30%
District 2 or 9	5.40%
Tan Phu District	5.40%

It is easily seen from the table that the three area that most participants are living in are District 1, 3, 4, 7, Binh Thanh and Phu Nhuan District. The results can be driven from the fact that, excluding district 1, these areas are surrounding the heart of the city, which is located with large groups such as Unilever, Nestle, international banks and large local incorporations.

How do you often work or study independently?

111 responses

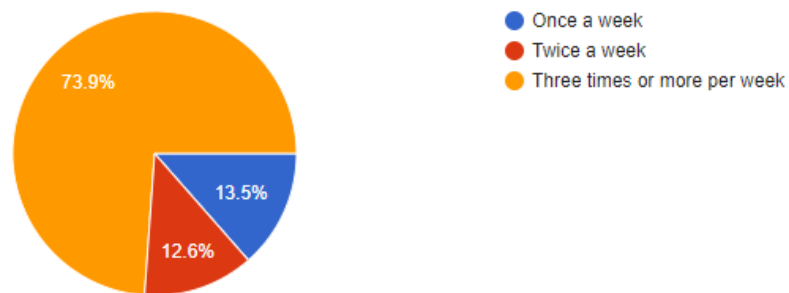


Figure 6. Independent work/study frequency

Nearly 75% of the audience have a tendency towards the independent study and work. Based on this insight, it is assumed that this factor will trigger the need for working space provided with amenities such as environment, fast internet connection or office stationery.

Table 5. Independent work/study location (N = 112)

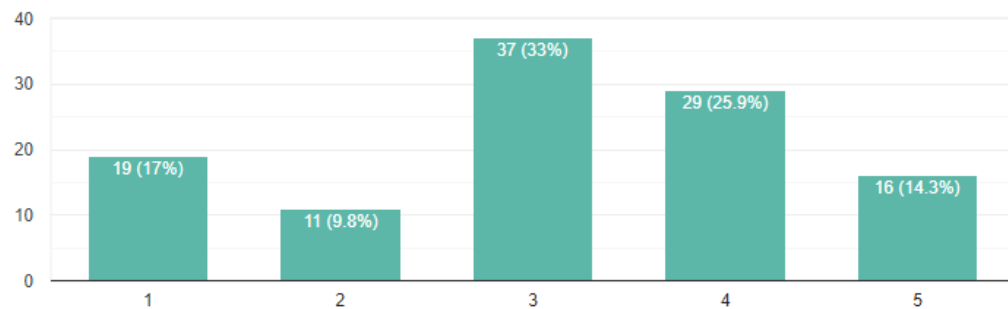
Location	Percentage
Home	50.90%
Coffee shop	26.80%
Library	12.50%
Co-working space	6.30%
Other	3.50%

Apart from working at home with 50.9%, the rest of the respondents choose to work at the public areas. Coffee shop, library and co-working space are the noticeable areas which they choose to execute their assignment with 26.8%, 12.5% and 6.3% respectively. From a general overview, around 45% of the participants prefer to study or work in the public places. In spite of being the second most chosen place to work, coffee shops do not have a sufficient supply for work as it is naturally the place for hanging out. This can be explained by being one of the early business models rising in the early 2010s when coffee shops are the booming industry. In addition, it is easy to get access to when the customer only has to pay for their drink and they get to receive basic benefits such as air conditioning and fast internet connection. Coffee shops are at every corner of the street whereas libraries are only available in universities which

require its student ID to get access to and co-working space business was still unknown until it is not for the time being. Gradually, coffee shops have created such habit to the people living in the Ho Chi Minh metropolitan area. Overall, there is a considerable demand for the participants to use the public places for their work assignment.

How familiar you are with co-working space concept?

112 responses



1 = Not at all familiar and 5 = Completely familiar

Figure 7. Familiarity level towards co-working space

Approximately 40.2% of the participants find themselves familiar and completely familiar with the co-working space business. This could be resulted from the first-time ever appearance of such business model in 2015 when the millennials are familiar with the internet, social media platform and online newspaper where they can easily get access to the most updated trend and information. From 2015 onwards, a variety of local and international businesses have started investing in co-working space and expanding its branches to almost every corner in the central of the metropolitan area. In addition, Vietnamese millennials have a tendency to take part in social events during the weekend and most of such events are located in these spaces. This results to the increasing awareness of the millennials towards the co-working brands.

Table 6. Co-working space brands in Vietnam (N = 112)

Brand	Percentage
WeWork	27.70%
None of these	15.30%
Dreamplex	15.20%
Toong	12.50%
Hive	11.60%

Up	11.60%
Circo	3.60%
Other	3.50%

The most known co-working space business is an international brand born in the United States. WeWork`, one of the most valuable startups after Uber and Airbnb, has been strongly active in the American market and has been expanding its branches internationally including Vietnam with 3 branches in the metropolitan city. Despite joining later than other local opponents in summer 2019, its reputation has broadly covered the potential customers when they are considering choosing among the service providers. Standing third in the table is one of the most successful brands in this industry. Apart from providing excellent service and working environment to the consumers, Dreamplex was proudly chosen by American consulate in Vietnam as a meeting place between former president Barack Obama and the young start-ups. This event had significantly raised the consumer's awareness towards Dreamplex and this co-working space is currently the pioneer in this industry in Vietnam.

Table 7. Ideal start-up industry to operate

Industry	Percentage
Food and Beverage	19.60%
Coffee shop	17.90%
Not likely to start a start-up	15.20%
Technology	14.30%
Fashion	9.80%
Graphic design	8%
Medical	4.50%
Other	3.50%

It is a common intention in Vietnam when most of the audience choose the service industry to begin their start-up journey with 19.6% in food and beverage industry and 17.9% in coffee shop. This can be easily understood that the cost to run a coffee shop is quite affordable in Vietnamese market since the input material is inexpensive and coffee shop can be operated within a small premise. Nonetheless, from the survey, 15.2% of the audience are not likely to run a start-up.

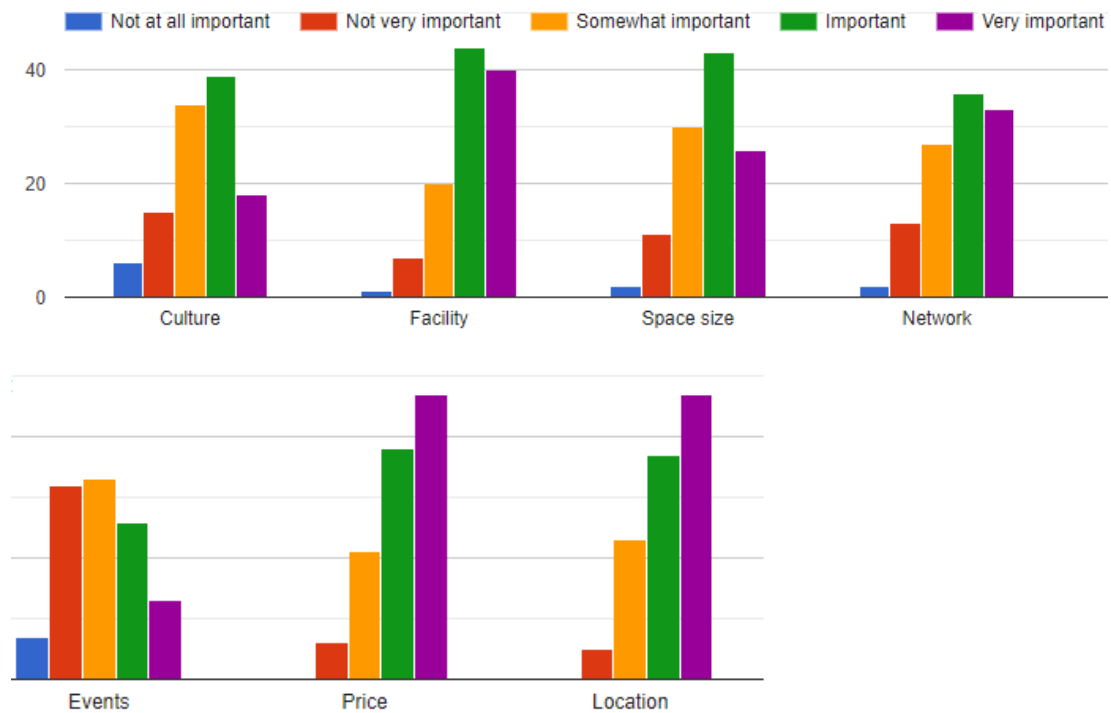


Figure 8. The importance level among essential elements

The bar chart above demonstrates that every element surveyed is considered important to the participants. The very important characteristics of a co-working space business are the renting price and the location in the audience's perspective. 85 out of 112 people rate the price category from important to very important. This can be easily understood as most of the start-ups are concentrating on its spending budget to remain sustainable in the competitive market. An affordable renting price could be one of the core elements for the start-up to determine operating within a co-working space. Location is another vitally important to the audience as the traffic jam could happen everyday in the rush hour, so to avoid this, nearby co-working space would be preferred to save time and traveling cost. While others are still considered important, event aspect is not as important when comparing to other elements.

How much you are willing to spend for an individual work in a co-working space?

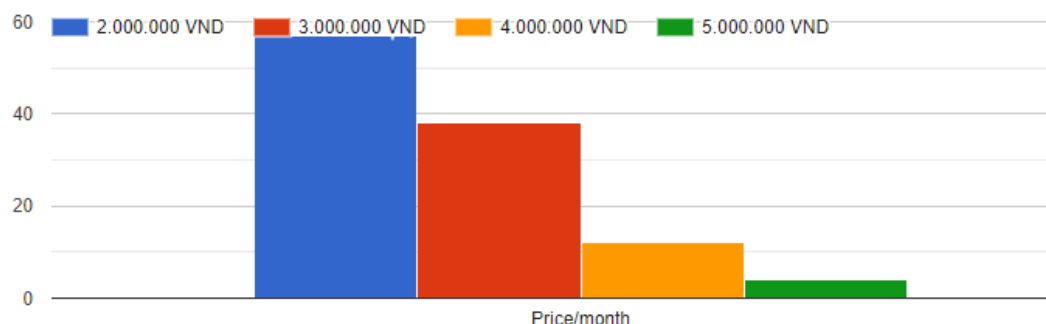


Figure 9. The willingness to pay for an individual workstation in a co-working space

How much you are willing to spend for a small office (16 sq meters)?

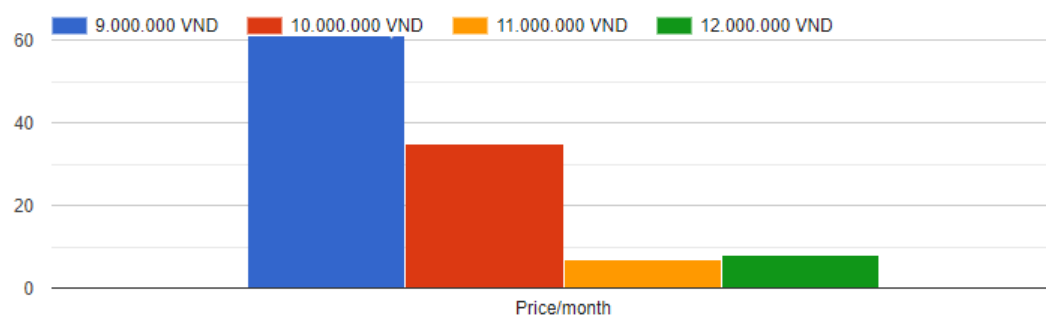


Figure 10. The willingness to pay for a small office in a co-working space

As mentioned before regarding the renting price, most of the audience consider this aspect is one of their priority when choosing to rent a workstation. As a result, the most affordably offered price for renting a workplace is chosen. Specifically, there are 57 participants consider their best choice with 2,000,000 VND per month and 61 participants feel that 9,000,000 VND per month is their best option for a 16 square meters office.

Which additional services would you like to have in a co-working space?

111 responses

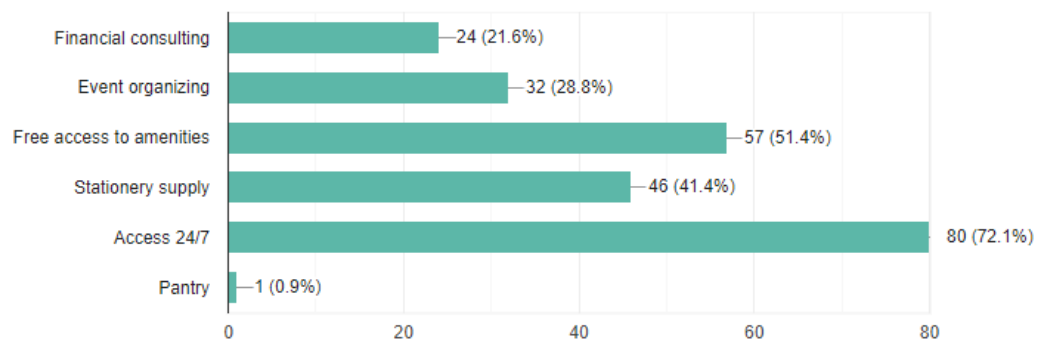
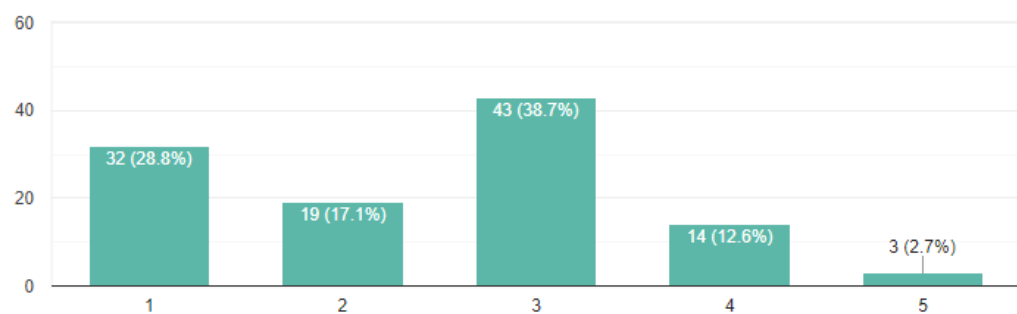


Figure 11. Additional services to be available within a co-working space

The most chosen additional service is to get access to the co-working space 24/7 with 72.1% of the audience. This is preferable for any start-up members to work overtime or take advantage of their time to networking with other members from different teams. However, if 24/7 access is provided, there are risks regarding to the security of the confidential documents of many start-ups within the building. Most of the amenities in other co-working spaces cost a fee or are included in a premium membership, thus, free access to amenities is one of the methods to reduce the operating cost of a start-up.

How likely it is that you would need to use co-working space within the next 6 months?

111 responses



1 = Not at all likely and 5 = Very likely

Figure 12. The likelihood that the participants will use co-working space within the next 6 months

Being newly entered to the Vietnamese market, there are still few co-working spaces that catch the attention of the millennials, for example, WeWork and Dreamplex. The surveyed audience which accounts for 38.7% are still in the state of consideration whether to use the co-working space services. In comparison, most of the audiences, with 45.9%, choose not to use the co-working space in the next six months. By being a student or an office worker at different companies, this could be the most popular rationale that leads to the less demand of using the co-working space service in the next 6 months. Lastly, only 15.3% of the audience would use the co-working space in the future time.

7 SUMMARY AND CONCLUSIONS

Co-working space is a new business model whose target market are the freelancers and the start-ups. This business not only provides the community with working venue, but also with various amenities and collaboration between the small businesses. The status quo in Vietnam is filled with the rapid movement of this industry, with being operating in various locations to support the increasing number of freelancers and start-ups. Porter's five forces supports to identify the characteristic of the current industry by providing insights of the potential of new entrants, power of the buyers, power of the suppliers, substitutes and competitive rivalry. Through business's behavior, it is clearer to analyze the buying process of an enterprise towards a service or a product. This supports the survey to investigate which attribute affects the demand of a start-up to use a service in a co-working space. In addition, business segmentation apparently helps the co-working space to identify their potential customers, in this case, freelancers and start-up community would be the target market for this industry.

The survey was conducted before the outbreak of the Covid-19 and explored the detailed insights which trigger the need of using the co-working space. Regarding the freelancer and independent work perspective, these audience seek for the inspiration brought from the environment surrounding them. This inspiration can be resulted from the on-going working environment which triggers the working motivation of a person. Additionally, working at home as a freelancer has to cope with the natural comfort in

their own accommodation which results in lack of concentration, surfing the internet instead of focusing on the current work, and lack of motivation. By being surrounded with the working people, it is easier for the person to increase motivation and concentration. Thus, it is easily noticeable in every Vietnamese coffee shops and co-working space that there are people typing their laptop. In terms of the small business perspective, inexpensive cost and convenience are two of the most outstanding reasons for a budget-concentrated startup to operate in a co-working space. Furthermore, a sufficient supply of stationery and amenities provides the startup with an assurance for an operation to go smoothly. For instance, using a meeting room to have a session with the customer.

Price and location are the two major elements that would trigger the startup to determine which co-working space fits them best. Affordable price, ranging from 2,000,000 VND and from 9,000,000 VND for individual workstation and small office respectively, and central location will be preferred.

Most of the founder-to-be concentrate on optimization of the operating cost, thus, minimum renting cost is preferable in relation to both individual workstation and office workstation. However, in the survey, participants mostly prefer to access within the co-working space 24/7 and have a free access to all the amenities. 24/7 access results in an active operation at all time during the day and this requires 24/7 security, building receptionist for aid, increase in electricity and water cost. This would be a challenging operation cost for a co-working space to consider how to balance the benefit of the customer and their financial status.

In general, in the future time of six months period, there will not be any significant increase in the demand of using co-working space service as most of the audience consider whether to use this service. However, from the participants taking the survey, 84.8% would likely to operate a business of their own in the far future. Furthermore, 46.5% of the audience choose the public places for completing their assignment either individual or startup work. As a result, this would lead to a gradual rise in terms of the need of the working space.

8 RECOMMENDATIONS

There is an existing potential audience in the market with a golden age to start their own business, however, there are insufficient motivations to trigger their business dreams. The occupation that accounts most of the proportion of the survey is student, thus, most of the business dreams will be operated in the future time. This does not mean that there is not much demand at the time being but the demand will increase gradually over time.

During this time, the co-working space businesses can either market themselves or raise the awareness of their branding. This can be executed by inviting influencer in every business industry to be the speaker at an event. By this method, the co-working space can increase their branding as well as have their potential customer to experience the culture, utility, convenience and space within the space. Furthermore, organizing a startup consulting event is another strategy to trigger the startup dreams. By feeling motivated and having been advised by the financial consulting, the tendency to operate a newly established business will be increased, thus, more demand for a working space will be available. In addition to the period of pandemic or economy recession, the co-working space can improve their branding by taking actions to the community for example, during the complex situation of Covid-19, it will be viral and increasing the awareness of every audience in the society if the company donates to the ministry of health to support the front-line medical doctors.

Pricing is considered a vitally important element to a budget-concentrated startup, to balance the co-working space business and the customer's benefit, the service can be purchased in package with the short term trial of using the amenities free of charge alongside the rent of the workstation. For instance, to participate in the corporate responsibility, reduce the renting price in several months under the situation of pandemic or economy recession would result in a positive branding of the company, proving that the company cares about the current financial situation of small businesses. Recently, in Ho Chi Minh City, during the pandemic, various hosts of building have agreed to reduce the renting half of the price for a short-term period, and then increase at a normal rate when the situation recovered. The space provider can take into consideration

to reduce at least 30% of the renting price to express the community responsibility under this complicated circumstance.

Location is a difficult element for the co-working space provider as the closer to the center of the city, the more expensive renting price. It is suggested that instead of concentrating on closer location, the co-working space can invest and build more in the community within the space by organizing industry related events or inviting successful start-up leaders. To compensate the location, the co-working space can focus on investing special equipment that matches the start-up needs, for instance, 3D printer.

9 FINAL WORDS

During this thesis, the author has experienced a broad view of the co-working space business, which has been recently emerging in Vietnamese market. In addition, from various trusted sites, the author acknowledged the startup spirit at every corner of the world in general and in Vietnam in particular. These data were demonstrated through various forms of data such as from Amway global entrepreneurship report. From this project, the author had the chance to deal with practical data retrieved from the online survey and improve his analytical skill. Moreover, the author applies what he obtained from the university's courses to finalize this project with strong confidence. Based on this thesis, future detailed marketing plan for such co-working space can be carried out to for example, investigate the cost of operating the marketing proposals.

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Co-working space market research survey in HCMC, Vietnam

The survey aims to investigate the current market of the co-working space business in Ho Chi Minh City, Vietnam.

All the questions below are quick and easy so it will take no time!

***Required**

1. How old are you? *

Mark only one oval.

- ☐ 18-24 years old
☐ 25-29 years old
☐ 30-34 years old
☐ 35-39 years old
☐ 40 or older

2. Are you a freelancer or a start-up member? *

Mark only one oval.

- ☐ Freelancer
☐ Start-up member
☐ Neither of the above

3. What is your occupation? *

Mark only one oval.

- ☐ IT
- ☐ Graphic Designer
- ☐ Engineer
- ☐ Finance officer
- ☐ Student
- ☐ Other: _____

4. Where do you live in Ho Chi Minh city? *

Mark only one oval.

- ☐ District 1 or 3
- ☐ District 4 or 7
- ☐ District 2 or 9
- ☐ Binh Thanh or Phu Nhuan District
- ☐ Other: _____

5. How do you often work or study independently? *

Mark only one oval.

- ☐ Once a week
- ☐ Twice a week
- ☐ Three times or more per week

6. Where do you work/study independently most often? *

Mark only one oval.

- ☐ Home
- ☐ Library
- ☐ Coffee shop
- ☐ Co-working space
- ☐ Other: _____

7. How familiar you are with co-working space concept? *

Mark only one oval.

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely familiar

8. Thinking of co-working space, which brand comes to your mind first? *

Mark only one oval.

- ☐ Toong
- ☐ Dreampex
- ☐ CirCo
- ☐ Hive
- ☐ Up
- ☐ WeWork
- ☐ Other: _____

9. If you are to set up a startup, which field would that be? *

Mark only one oval.

- ☐ Technology
☐ Graphic Design
☐ Medical
☐ Food & Beverage
☐ Coffee shop
☐ Fashion brand
☐ Not likely to start a start-up
☐ Other: _____

10. How important are these elements below when choosing a co-working space? *

Culture: the culture within the co-working that is related to an industry (technology, marketing,...) Facility: work stationery, conference room, 3D printer,...

Mark only one oval per row.

	Not at all important	Not very important	Somewhat important	Important	Very important
Culture	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Space size	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Network	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Events	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Location	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

11. How much you are willing to spend for an individual work in a co-working space? *

Mark only one oval per row.

	2.000.000 VND	3.000.000 VND	4.000.000 VND	5.000.000 VND
Price/month	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. How much you are willing to spend for a small office (16 sq meters)? *

Mark only one oval per row.

	9.000.000 VND	10.000.000 VND	11.000.000 VND	12.000.000 VND
Price/month	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. Which additional services would you like to have in a co-working space? *

Tick all that apply.

- ☐ Financial consulting
☐ Event organizing
☐ Free access to amenities
☐ Stationery supply
☐ Access 24/7

Other: ☐ _____

14. How likely it is that you would need to use co-working space within the next 6 months? *

Mark only one oval.

	1	2	3	4	5
Not at all likely	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Very likely					

15. If you answered 5 "Very likely" or 4 to the previous question, what are the most important reasons that you want to use a co-working space to operate your start-up/freelancer business?

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